Chapter 24 – Requests for Proposals and Competitive Negotiations

Chapter highlights

- **Purpose**: This chapter presents guidance for planning, issuing, evaluating and negotiating information technology (IT) requests for proposals (RFPs) based on competitive negotiations. It also provides general information on solution-based and performance-based IT projects.

- **Key points**:
  - Competitive negotiation is VITA's recommended procurement method when an agency or institution has a defined IT or telecommunications need and is requesting suppliers to propose the best method to meet that need.
  - Commit adequate time and resources to gather data for developing the RFP's business, functional and technical requirements.
  - It is essential that IT procurement professionals understand the complete cost of a technology-based business solution.

Table of contents

24.0 Introduction

Requests for proposals (RFPs) using competitive negotiations is the recommended procurement method when an agency or institution has defined an information technology (IT) or telecommunications need and is requesting suppliers to propose the best solution to meet that need. Competitive negotiation is the result of an RFP acquisition process rather than an invitation for bid (IFB). RFPs using competitive negotiations should always be the procurement method used when the following factors or circumstances exist regarding the business or technology problem—the acquisition need(s) is complex; the project specifications cannot be clearly defined; factors other than cost need to be evaluated; or there is a need to negotiate.

All RFPs for IT-related goods and services shall be developed with “best value” methodology as the foundation.

24.1 Pros and cons of RFPs and competitive negotiations

RFPs are the most flexible procurement method because they promote creative competition among suppliers and allow agencies to comprehensively consider and evaluate all proposed technical approaches and state-of-the-art solutions to fulfill their business need(s). RFP preparation promotes “needs definition” by the business owner. Clear and effective definition of needs enables suppliers to provide best-value solutions. The only “con” in the RFP preparation and proposal evaluation processes is the significant time commitment involved. The RFP process can take anywhere from 3 to 9 months to complete.

24.2 Solution-based RFPs and performance-based contracting

24.2.1 Solution-based RFPs

Solution-based RFPs ask suppliers to propose an IT business solution to an agency’s identified problems and goals. Solution-based RFPs briefly state the business need, describe the technology problem to be solved, and/or provide minimal specification requirements. The use of solution-based RFPs allows suppliers who are technology experts to use their broad-spectrum market knowledge, creativity and resources to propose innovative cost-effective technology solutions. Solution-based RFPs may request suppliers to provide a solution for only part of a business problem or to propose high-level concept-type solutions which are evaluated based on a detailed set of requirements.

Agencies should strive to minimize requirements and specifications to allow flexibility in the types of solutions being proposed. Specifications and requirements set limits and may eliminate or restrict the items or solutions available for the supplier to include in its proposal. Technology specifications should be written to encourage, not discourage, competition while also attempting to seek economy for the purpose and technology solution intended. An agency is then able to identify the technology solution, not a particular product or service, which will best meet its technology or business need.

Part of the decision-making process of when to use a solution-based RFP involves performing a risk analysis. As part of the risk analysis, the procurement project team resolves the following questions:

- Does the technology business problem present an opportunity for mutually beneficial risk sharing between the agency and a supplier?
- What factors could significantly impact the probability of completing our project on time and within budget?
- Is it possible to evaluate the proposed solutions equally?
- Can the solution(s) be evaluated based on a total cost of ownership analysis incorporating the anticipated cost of supporting the proposed solution and other financial options?

When preparing a solution-based RFP, some components of the RFP will be different than a non-solution-based RFP. A solution-based RFP should include:

- The agency’s organizational background and current business environment,
- A specific list of processes and procedures related to the project, legal or business mandates,
- Any project procedural or process documentation,

- The project's funding source, if appropriate.
- A clear definition of the agency's current technical environment including all current hardware and software being used, that could be used or should be used to address the project requirements,
- A definition of the business or technology problem to be solved, but not a definition of the desired solution or the problem in terms of a desired solution,
- Specifications that describe the characteristics of a technology product, service or solution being sought.

In a solutions-based, RFP, agencies should use technology questions to drive specifications instead of including mandatory requirements in the RFP. The goal is to invite maximum reasonable competition, while procuring the best technology solution for the Commonwealth. Use solution-based RFPs for establishing statewide contracts and procuring technology solutions to provide best-value for the Commonwealth**.** Pose questions to suppliers in the RFP to drive requirements, such as: "What is the industry standard for this product and does your product(s) meet or exceed such standard?"

The goal of a competitively negotiated RFP acquisition is to invite maximum and reasonable competition among the supplier community while procuring the best-value technology solution for the Commonwealth.

24.2.2 Performance-based contracts

Solution-based RFPs and performance-based contracts go hand in hand. Solution-based RFPs lead to the formation of performance-based contracts and allow suppliers to propose solutions that provide tangible benefits to both the agency and themselves such as:

- Offering a risk-sharing partnership to achieve the optimum solution.
- Suggesting clear, tangible and fair metrics to gauge when the supplier has achieved success and trigger the agency's obligation to pay for performance.
- Offering procedures for price and/or fee reductions when requirements or performance milestones are not met.

Once a supplier is selected, the negotiated contract can stipulate that the agency will make payments when the supplier delivers the solution's intended results. The contract should include standards against which the supplier's performance will be measured and any positive and/or negative incentives/remedies that are agreed upon, if appropriate. Any agreed-upon metrics should be evaluated regularly and these evaluations should be tied to payments (i.e., milestone) so the supplier can realize the economic benefit of quality/timely performance. The contract can require a supplier to measure their own performance through implementing a quality control plan (QCP) while the agency also measures the supplier's performance against standards established in the contract.

In performance-based contracts, there are three types of performance measures:

1) Economy: Where the agency aims to obtain the appropriate quantity/quality at the best value
2) Efficiency: Where the agency measures the supplier's use of resources in delivering the desired solution (quality, on-time performance)
3) Effectiveness: Were the agency's objectives and requirements accomplished? Was the agency satisfied?

Performance-based contracts should incorporate measurable performance standards (e.g. terms of quality, timeliness) and QCPs. Performance standards measure a definite level or degree of quality. Performance standards must be measurable, achievable, relevant and controllable. The agency should attempt to establish performance measures and standards and include them in the RFP so suppliers can propose solutions that will meet them. Alternatively, the RFP may suggest that the supplier propose performance standards which can be negotiated later. Good performance-based contracts are comprised of solid performance measures with these characteristics:

- Simple, easy to understand and measure important milestones. Measures should be attainable by the supplier(s) and worth the cost of tracking.
- Quantifiable measurements which are easily audited and validated.
- Can be consistently combined with other measures to reflect project priorities. When developing performance standards and measures, an agency should, where practicable, utilize commercial or industry standards, ensure that the standard is needed for project success and does not unduly burden the supplier. Components of performance measures are indicators which must be measurable, easy to apply and attainable.
- Level of detail in the agreed upon performance measures should correspond to the intent of the stated measures and expectations.
- Clear definition of acceptable quality levels. The performance measures should be realistic, state the minimum standards, include the percentage (%) of errors/mistakes allowed and include agreed-upon cost trade-offs between the supplier and the agency. Performance measures may also include monetary and non-monetary incentives such as bonuses (monetary and otherwise), share-in-savings, positive performance evaluations, automatic option exercises and revised contract terms. Performance incentives may be based on cost control, quality, responsiveness or customer satisfaction.
- Contain requirements which specifically describe desired reports, software, deliverables, documentation and formal requirements that must be submitted by supplier as part of the contract solution.

Examples of monetary performance incentives include contract provisions which allow the supplier to share any potential savings that it can achieve in delivering the agency's desired solution. As an example, the contract may provide that if the supplier does not achieve the agency's desired results, it agrees to have the costs of non-performance deducted from its milestone payment(s). Multiple incentive contracts can include setting a target cost for a good or service, along with the minimum and maximum potential values for cost, fees, technical performance and schedule adherence.

Examples of non-monetary performance incentives include reduced supplier oversight, increased flexibility in project schedule, automatic extension of the original contract terms or exercise option to renew.

Many solutions-based RFPs require suppliers to propose a QCP which will then be included in the resulting contract. The goal of the QCP is to ensure that the agency gets what it pays for. The QCP can be proposed by the supplier in the proposal or during negotiations. If the requirement for a QCP is included in the RFP, suppliers will know up front how their performance will be measured and evaluated. The agreed-upon QCP is included in the contract and acts as a guide for the agency and supplier to follow as the contract is managed. The QCP also provides the methodology for monitoring the supplier's performance against standards for required work. The QCP documents scheduling, observing and documenting contractor performance against standards, accepting services, determining causes for deficiencies, and formulas for calculating payments due and/or deductions.

Suppliers may propose a QCP as part of their proposal. The QCP will act as the "control document" for both parties as part of the performance-based contract.

The QCP may require quality surveillance and verification methods such as random or stratified sampling, 100 percent or periodic inspections, customer feedback, surveys and testing. These methods are used to evaluate whether the supplier has met the performance measures and standards in the contract. The results of these evaluations can be used by the agency in determining if the contract requirements have been met and to trigger price or fee reductions when the requirements are not met.

24.3 Pre-RFP activities

24.3.1 Putting together the procurement project team (PPT) and evaluation team (ET)

It is important to create PPTs and ETs of various stakeholders and perspectives. These individuals bring input and guidance for developing a sound RFP; participate in the proposal evaluations and/or subsequent negotiation strategy planning. Below is a table that offers the "key" recommended PPT and ET members and their roles during the RFP process. There may be a need to have other participants (e.g., technical, functional, contractual, legal, financial subject matter experts) involved in the evaluation who may not be included in the actual procurement project team and vice versa. Depending on the type and complexity of the project, the SPOC and business owner may choose not to include some procurement project team members in the evaluation process and/or negotiation. It is recommended, however, that these four corners of expertise be represented on the evaluation team: business area, technical area, legal area and financial area.

Key Procurement Project Team (PPT) and Evaluation Team

<table>
<tr><th>Business owner (agency/customer)</th></tr>
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Identifies the business need(s) for products or services.
Contacts VITA Supply Chain Management Division sourcing staff to discuss engagement in project at: SCMpolicy&compliance@vita.virginia.gov
Documents background, scope and information related to the business need(s).
Identifies contact names and potential resources available for the project.
Identifies and documents overall objectives, significant events and time frames.
Obtains sourcing project commitment, sponsorship and funding.
Provides input and project accountability.
Develops functional and technical requirements and evaluation scorecard.
Participates as part of the evaluation team.
Identifies negotiation objectives and participates in negotiations.
Approves key decisions and final recommendations.

Responsible for the "why" justification for the project
</td></tr>
<tr><th>Subject matter expert(s) (SMEs)</th></tr>
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Develops and documents the RFP's technical requirements and specifications.
Assists sourcing staff in developing the evaluation criteria and determining the must haves or mandatory requirements. May participate in proposal evaluation and determining the short list of suppliers.
May participate in the evaluation and supplier selection.

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• May assist business owner/customer in conducting evaluation-phase tests/pilot programs. **Responsible for the "what" aspect of the sourcing decision**
Assigned agency procurement lead or sourcing specialist single-point-of-contact (SPOC)
• Leads the sourcing process. • Coordinates equal access to PPT and ET and gate-keeps data and information needed by suppliers prior to proposal submission. All suppliers communicate all information associated with RFP and all questions associated with RFP through SPOC. Executive steering committee communicates all information through SPOC. • Provides pre-established tools (i.e., RFI, RFP, scorecard, contract, etc.) through the provision of templates, etc. • Develops the Procurement Project Plan assisted by the business owner and the SMEs. • Facilitates RFP development, assists with documenting requirements and evaluation criteria. • Completes the RFP package and issues/posts RFP to suppliers. • Updates the executive steering committee and/or PPT and ET on progress and recommendations. • Facilitates the pre-proposal conference, if held. • Facilitates the evaluation process to determine the short list of suppliers. • Leads the negotiation process and facilitates supplier selection. • Provides financial analysis and performance management support • Maintains contract form agreements and coordinates contract issues with VITA's SCM policy and governance and executive managers. • Prepares contract for execution and updates contracts database. • Facilitates creation of eVA catalog. **Responsible for the "who and how" aspect of the sourcing decision**
SCM policy and governance management
• Provides RFP review and guidance on contractual issues. • Responsible for compliance with Virginia law and VITA policy requirements **Responsible for the "compliance" aspect of the RFP process and related documents**

24.3.2 Is an executive steering committee needed?

An executive steering committee may be created in support of any project as determined by the business owner; however, for major IT projects and large enterprise procurements, an executive steering committee will be required. The executive steering committee is usually comprised of business owners and executives who serve in an advisory role and may assist in developing business needs and requirements. The executive steering committee will not be involved in the evaluation process. This committee provides management oversight to the PPT while also validating the project's business objectives, funding, requirements and supplier selection.

If an executive steering committee is used to oversee the IT procurement, the committee will interact with the PPT&ET at several stages during the procurement process. Prior to issuing the RFP, the SPOC and/or others on the PPT will prepare and present the final RFP package, list of potential suppliers, other required information and an executive summary to the executive steering committee for approval. The SPOC and other PPT participants are responsible for ensuring and documenting that the executive steering committee reviews and approves the RFP prior to its formal posting and release.

The PPT and ET determine which negotiation issues are important to the executive steering committee and ensure they are covered in the negotiation plan. The business owner should obtain preliminary funding approval before issuing an RFP for any project that does not have approved funding. This practice will send the message to the supplier community that the sourcing agency is serious about the project and is respectful of the supplier's time and money.

24.3.3 Develop the RFP time table

The RFP time table is the project plan for completing the sourcing phase of the project. This timeline is often a subset of a larger project initiative. The SPOC will work with the project's SMEs to formally establish deliverable dates for the PPT. This will take into consideration the time and availability of resources required to:

- develop, review and finalize the RFP package and evaluation matrix
- issue the RFP
- evaluate the responses
- test the product and/or conduct site visits
- negotiate
- review and obtain final CIO approval to award

The SMEs and other team resources will provide input into the sourcing process timeline which meets the business owner's expectations. This time table acts as a completed Procurement Project Timeline available for internal distribution to the PPT. The overall project documentation should be updated to reflect this time table. The availability of the business owner, SMEs, SPOC and other resources should be verified and scheduled as appropriate. It is important to manage the resource risk factor by identifying all team members and documenting their roles and responsibilities before going any further. See Appendix G, VITA SCM RFP Timeline Template (provided as an example).

24.3.4 Determination to utilize a request for information (RFI) or request for qualifications (RFQ) prior to the RFP

There may be instances when many unknowns exist regarding the project—the types of solutions or software available in the market, industry data or critical information and so forth. Likewise, there may be desired solutions or software for the project for which suppliers that can provide such needs cannot be located. In these cases, it may be in the project's best interest to issue an RFI or RFQ as a preliminary data gathering step, rather than beginning with RFP issuance. Read chapter 18, Requests for Information, Prequalification of Suppliers, Unsolicited Proposals, (add link) for more instruction on this preliminary procurement method.

24.4 Confidentiality

24.4.1 Communications with potential suppliers prior to RFP posting/release

It might be useful to exchange information with potential suppliers prior to posting the RFP to improve the supplier community's understanding of the project's requirements. Presolicitation exchange of information between the procuring agency and the supplier community can identify and resolve concerns regarding the project's acquisition strategy (Is it appropriate for the type of solution or product being procured?) or the proposed contract type. Suppliers can also provide input regarding the feasibility of the requirements anticipated for inclusion in the RFP, including performance requirements, statements of work and data requirements.

Remember § 2.2-4373 of the *Code of Virginia* (Participation in bid preparation; limitation on submitting bid for same procurement.) provides that: "No person who, for compensation, prepares an invitation to bid or request for proposal for or on behalf of a public body shall (i) submit a bid or proposal for that procurement or any portion thereof or (ii) disclose to any bidder or offeror information concerning the procurement that is not available to the public. However, a public body may permit such person to submit a bid or proposal for that procurement or any portion thereof if the public body determines that the exclusion of the person would limit the number of potential qualified bidders or offerors in a manner contrary to the best interests of the public body."

24.4.2 Confidentiality during RFP development
During RFP document development and prior to RFP posting, the specific content and requirements shall remain confidential. The SPOC shall coordinate the execution of formal confidentiality agreements with all PPT and ET members and SMEs. The SPOC will maintain the executed confidentiality agreements in the procurement file. A VITA-approved confidentiality agreement template, called the Procurement Project/Evaluation Team Confidentiality and Conflict of Interest Statement, is available in Appendix A of this document.

24.4.3 Confidentiality of RFP and proposals prior to proposal opening
All PPT and ET members, SMEs and any others participating in proposal evaluations will execute a Procurement Project/Evaluation Team Confidentiality and Conflict of Interest Statement prior to receiving proposals. A template of this Agreement is available in Appendix A. The SPOC will maintain the executed agreements in the procurement file.

24.4.4 Confidentiality during the evaluation of proposals
The SPOC should instruct PPT and ET members to take all reasonable precautions to prevent unauthorized access to supplier proposals. Team members should not discuss proposal content with anyone, except for other ET members, during team evaluation time or SMEs who have signed a confidentiality agreement for the procurement. All clarifications submitted by any supplier during the proposal evaluation phase are also held as confidential as the original proposal.

If, during the proposal evaluation process, the contents of any proposal become intentionally or unintentionally exposed to a third party outside of the ET, the affected supplier must be notified of such exposure. If the contents of any proposal become intentionally or unintentionally exposed to an internal third party who is internal to the agency but not a member of the ET, the third party must execute a Procurement Project/Evaluation Team Confidentiality and Conflict of Interest Statement (Appendix A) and must be instructed on the importance of proposal confidentiality.

24.5 Preparing an RFP
When preparing an RFP, resolve the issues and questions in Appendix B, Checklist of Issues to Resolve Before and During RFP Preparation, and follow these best practice recommendations:

- The RFP planning and the RFP document should be comprehensive. The RFP should be written in plain, straight-forward language avoiding ambiguous and undefined terms. All acronyms and other critical terms should be defined.
- VITA SCM Only: Use the technology sourcing process (TSP) model for preparing and evaluating an RFP.
- Use a standard and/or authorized RFP template. This helps ensure all project needs are identified and clearly communicated to suppliers. The RFP template includes a "laundry list" of typical issues that need to be addressed to trigger productive thought processes and ensure that no requirements are overlooked. The agency's or DGS' traditional non-IT RFP template may not be the best-suited template for IT procurements per VITA policies and recommendations. VITA has developed an RFP template for use by VITA sourcing specialists. (Note to VITA SCM: Be sure to use the current version rather than re-using an older version as these are updated frequently.) Training for customer agencies on the use of this template will become available from VITA SCM at a future date and should be undertaken prior to first-time use.
- Provide all information needed for any outside party to understand the current situation or business need, the desired solution and the terms and conditions of the future relationship.
- Use extra diligence in preparing questions for suppliers which shape technical and functional requirements. These are the "meat" of the RFP.
- Address quality assurance, performance standards and measures, service level expectations, etc.
- Address upgrades, enhancements, expansions, modifications, disaster recovery, business assurance, training as well as environmental, confidentiality and security standards.
- Include appropriate requirements, the proposed IT contract template (see chapter 25, IT Contract Formation (insert link). (Other agencies: see box text below.) This places the burden of understanding on the suppliers to have a handle on the project's requirements and prepare fully responsive proposals.

VITA has developed and approved IT contract templates that are customized for the specific type of IT acquisition: Services, Software, Solution, Hardware, Hardware Maintenance, Application Service Provider and EULA addendum. Other agencies should be trained in using these prior to use. Until that occurs, agencies should use their own templates and ensure the Minimum VITA Requirements for Agency Delegated RFPs/Contracts provisions are included in the RFP. This can be found in chapter 25, IT Contract Formation (insert link.

24.5.1 Contents of an RFP

A basic IT RFP consists of certain minimum sections. Refer to Appendix D, Contents of a Quality IT RFP, to view them.

24.5.2 Preparing and writing RFP requirements

The requirements document is the official statement of what is necessary for the project, solution, system or IT software and/or hardware. It is not a design document. It shall set forth what the project, system, solution, software and/or hardware should do, rather than how it should do it. RFPs shall include both a definition and a specification of requirements as well as functional and technical data relating to those requirements.

Requirements shall include a detailed scope of work as well as a list of project deliverables. These requirements describe the solution objectives, services to be performed or supplies to be purchased. Specifications or drawings for the project may be included or incorporated here by reference. The scope of work and the list of project deliverables may also include:

- Specific tasks and subtasks to be accomplished
- Parameters and restrictions on supplier performance
- Timetable for deliverables, milestones and completion of work
- Equipment, services and maintenance the supplier must provide
- List of agency-furnished materials, such as plans, reports, equipment and resources
- Travel expectations
- Meeting attendance requirements and any related status reporting
- Special specifications and standards to be followed
- Profiles, staffing plan, profile summaries and supplier work plans and schedules

When gathering project, technical and functional requirements for an RFP, utilize the Requirements Verification Checklist in Appendix E to ensure requirements are comprehensive and actually define the project, solution, system or software/hardware that will meet the project's business needs.

The project's technical SMEs understand the requirements needed to support the business needs. SMEs will provide details required to document the project's or enterprise's functional and technical requirements. PPT members must commit the time and resources required to support the timely development of the requirements document. While the SPOC is accountable for completing the document, the business owner and SMEs are responsible for the content of the document.

The RFP may include the reservation of certain rights to enable the desired project solutions. These may include the right to:

- Define requirements to meet the project's needs and to modify, correct and clarify those requirements at any time during the procurement process, provided the changes are justified and will not materially benefit or disadvantage a supplier.
- Disqualify proposed solutions that fail to meet stated mandatory requirements, provided that the RFP clearly discloses to suppliers the right to make such disqualification decisions.
- Establish evaluation criteria relating to quality, quantity, performance and cost and/or total life cycle costs and benefits, establish the relative importance of each criterion, and evaluate proposals and award contracts on the basis of those criteria.

24.5.3 Documenting functional requirements

The RFP's functional requirements should provide complete documentation of the business functionality for the equipment, solution or software that will meet the project's needs. The business owner and technical SMEs are responsible for the accuracy of functional requirements and should define the project's functional requirements, including but not limited to the items listed below. The agency's designated then-current Agency Information Technology Resource (AITR) or VITA PMD representative can support the business owner and SMEs to help ensure completeness, accuracy and any ITIB or VITA standards or requirements, project or business need scope (what is included and what is not included):

- Work flow
- Inputs, outputs (files, systems, programs, reports)
- Data bases
- Reporting requirements (hourly, daily, weekly, monthly hard or soft copy)
- Size, shape, color
- Work rules
- Performance standards and remedies for non-performance
- Documentation (methods, hard or soft copy)

The best time to ensure the functionality is while preparing the functional requirements document. Incomplete functional requirements make it impossible to prepare accurate technical requirements documentation and can lead to extended project time and often failed implementation. Preparing the functional requirements document also creates an opportunity for the SPOC to work with the business owner in shaping the requirements to be included in the final contract.

24.5.4 Documenting technical requirements

An RFP's technical requirements provide complete documentation of the technical requirements of the software or solution needed to meet the project's technical standards and needs. The project's technical SME is responsible for documenting the project's technical requirements, which include such items as: hardware, software, architecture and platforms, materials, space requirements, maintenance, energy requirements, interfaces and legacy systems, capacity limitations, operating systems, connectivity and users.
The technical requirements must be fully documented and all PPT members should agree about the definition and documentation with the business owner. Incomplete requirements will limit the number of proposal responses or solicit responses that do not meet the actual need. In keeping with their commitment to good faith dealings with suppliers, SPOCs will not knowingly issue a "wired" RFP which tends to favor the selection of a particular solution or supplier over the others.

Solution-based RFPs should contain minimal technical and functional requirements since suppliers are being asked to propose solutions that meet a project's needs. RFPs loaded with technical and functional requirements are not solution-based.

For more information and guidance on developing and writing requirements, refer to chapter 8, Describing the Need: Specifications and Requirements (insert link). The agency's then-current designated AITR or VITA PMD representative can support the business owner and SMEs to help ensure completeness, accuracy and any ITIB or VITA standards or requirements.

24.5.5 Preparation instructions for presentations/demonstrations/site visits

VITA highly recommends that demonstrations, presentations, testing or pilot programs and/or site visits be used in the evaluation process. Such requirements should be clearly indicated in the RFP. If they will be evaluated, the RFP must provide instructions which include the following:

- Description of the topics the supplier must address and the technical and management factors that must be covered in the demonstration and/or presentation.
- Statement covering the total amount of time that will be available to each supplier to give their demonstration and/or presentation.
- Description of limitations on agency and supplier interaction before, during and after the scheduled demonstration, presentation, testing and/or site visit.
- Statement that the presentation or demonstration will constitute clarifications only.
- Description and characteristics of the demonstration and/or presentation site.
- Rules governing the use of presentation media.
- Anticipated number of participants.
- Description of the format and content of presentation documentation and their delivery.
- Testing and/or pilot program requirements including time limits, materials, auditing, etc.
- Site visit requirements including location, costs, availability, etc.

24.5.6 Preparing the evaluation criteria and evaluation process

The PPT and/or ET creates the evaluation criteria used to review and evaluate proposal responses with the purpose of collecting the data needed to agree on a selection in a fair and competitive environment. The evaluation criteria used to assess proposals consists of the factors that reflect the areas of importance to an agency in its selection decision. Through the evaluation factors, the ET is able to assess similarities, differences, strengths and weaknesses of competing proposals and, ultimately, use that assessment in making a sound source selection decision. A well-integrated evaluation scheme provides consistency, discipline, and rationality to the source selection process. Evaluation shall be based on the evaluation factors set forth in the RFP.

Factors not specified in the RFP shall not be considered in determining selection.

Written evaluation criteria that are measurable and objective shall be used as the standard for assessing proposals. Convert feel good objectives into observable, measurable criteria. Identifying the evaluation criteria prior to developing the RFP and tailoring the RFP around the evaluation criteria will ensure an expedited review of proposals. All PPT and/or ET members must agree with the criteria and the evaluation method.

The evaluation criteria should be completed before the RFP is posted.

Evaluation criteria should be tailored to each acquisition and include only factors which have a direct impact on source selection. The nature and types of evaluation criteria to be used for an acquisition are within the broad discretion of the procuring agency or institution. In supporting the best-value concept, price or cost must be an evaluation factor in every source selection. Contracts can only be awarded at costs or prices that have been determined to be fair and reasonable. The evaluation of cost or price may include not only consideration of the cost or price to be paid to the supplier, but other costs that a project may incur as a result of awarding the contract (i.e., total project life-cycle cost). Examples of these costs include re-training costs, system or software conversion costs, power consumption, life cycle costs, and transportation costs. In these cases, the RFP should clearly identify these other costs that will be considered in the evaluation.

Non-cost factors address the evaluation areas associated with technical and business management aspects of the proposal. Examples of non-cost factors include technical and business management related areas, such as technical approach and understanding, capabilities and key personnel, transition plans, management plan, management risk, and resources. The level of quality needed or required in performance of the contract is an important consideration in structuring non-cost factors. Past performance, supplier business maturity and service quality should be included in the evaluation criteria but may be included as non-cost factors.

The business owner, working with the PPT and/or ET, must determine the evaluation criteria and address how the pricing model (if applicable) will be applied. The evaluation shall be based on best-value methodology, but broad discretion is allowed when selecting evaluation criteria as long as the criteria are relevant to the project. It is strongly recommended that most RFP procurements be solution-based (i.e., define the problem and allow suppliers to submit proposed solutions). Carefully consider the necessity of including mandatory requirements which may limit the number of qualified suppliers who can respond to the RFP. Each criteria used shall be defined in the RFP with enough information for the supplier to understand how the successful supplier(s) will be determined. It is recommended that the

ET establish rules for how to deal with a situation when the team cannot reach a consensus at any point in the evaluation process.

The agreed-upon evaluation criteria are confidential to the procuring agency, members of the executive steering committee (if one is used), and the procurement project team and/or the evaluation team at all times.

24.5.7 Types of evaluation criteria

Evaluation criteria for IT procurements can usually be divided into three primary categories:

- Technical capability, including the supplier's understanding of the procurement requirements, the supplier's management plan, the quality of the proposed solution, the quality of the goods and services being proposed, the experience and qualifications of supplier's key personnel and vendor resources.
- Management capability, including the supplier's experience on similar projects; the supplier's past performance on similar projects; the supplier's available facilities and resources for the project; and the supplier's plan and business maturity level of processes for management and control of the project.
- Cost reasonableness and competitiveness, including the supplier's proposed price (for fixed-price contracts); the realistic expected cost of performance, plus any other costs, such as that of ownership, including transportation costs, and life-cycle costs (installation, operation, maintenance, security and disposal).

24.5.8 Examples of IT evaluation criteria

The most common evaluation criteria used in IT procurements are assessment of the supplier's:

Proposal quality including required submission and format, readability, neatness, and clarity. The proposal should be logical, reasonable and professional.	✓
Understanding and responsiveness to the RFP's requirements, terms and conditions.	✓
Technical approach and compliance with the RFP's technical requirements.	✓
Overall approach to performing the contract or meeting the requirements of the RFP.	✓
Proposed plan for performing needed services.	✓
Overall understanding of the project and the business need(s).	✓
Proposed methodology for performing the project.	✓
Proposed implementation/orientation/start-up procedures and efforts.	✓
Commitment and flexibility to the project's schedule requirements.	✓
Approach and plan for managing the project.	✓
Training, reports and documentation offered.	✓
Proposed maintenance plan and costs.	✓
Expansion and upgrade capabilities and costs.	✓
Problem resolution/escalation process.	✓
Willingness and approach to meet environmental objectives (if applicable).	✓

After negotiations are completed the cost/value ratio determines which supplier is offering the best value solution. Remember although cost/value ratio criteria is an evaluation criterion it is not applied until after negotiations are complete.

24.5.9 Supplier evaluation criteria

The qualifications and experience of the supplier are crucial to the success of the project. The following evaluation criteria may assist agencies in determining which suppliers would be most beneficial to the project:

Past performance with similar projects and past performance of supplier's proposed personnel, consultants or subcontractors, specified to be assigned to the project.	✓
Experience with similar projects including a record of recent past performance of similar projects of similar scope.	✓
Performance on similar contracts with respect to such factors as control of costs, quality of the work, and the ability to meet schedules. Supplier reliability and past performance can be verified by contacting proposed references and other government and commercial customers.	✓
Availability to perform the project or provide the needed goods and services within the agency's time frame. Supplier should have the personnel, equipment, and facilities to perform the services currently available or demonstrated to be made available at the time of contract award. This criterion should include considering the current and projected workloads of the supplier that would affect its ability to perform the required work on schedule, and the availability of key personnel to be assigned to the project.	✓
Reputation for personal and professional integrity and competency.	✓
Financial strength and stability. Supplier's financial capability can be verified by obtaining a credit rating service report or obtaining certified financial statements.	✓
Proposed quality control plan (QCP), if applicable.	✓
Record of compliance with public policy issues and statutory requirements.	✓

If the acquisition is aimed at contracting with a service provider, below are some additionally recommended best practice evaluation criteria:

Supplier's process competence	✓
Supplier's vertical knowledge, approach to performing the contract or meeting the service level requirements	✓
Supplier's proposed geographic coverage. If supplier will subcontract for portions of the geographic coverage, validate the competence, knowledge and experience of the proposed subcontractors	✓
Supplier's project management abilities and proposed management plan	✓
Supplier's infrastructure capabilities and software product knowledge	✓
Supplier's organizational change management skills and implementation tools	✓

24.5.10 Weighting the evaluation criteria

The SPOC and ET may use discretion in determining how to score proposals, provided that it is not arbitrary. If criteria are weighted, do this with caution to assure that they are properly weighted in accordance with the importance of each criterion.

Note: If using the VITA RFP template, the evaluation criteria are derived directly from section 5 (Functional and Technical Requirements) and section 6 (Supplier Profile) of the template, as well as the supplier's response to the proposed contractual terms and conditions.

24.5.11 Methodologies for weighting criteria

If weighting criteria is used, the value of weights must be assigned before the proposal due date. Agencies are free to design rating plans which best achieve their business needs and the requirements of a particular procurement. The key in using any rating system is consistent application by the evaluators. If additional guidance on weighting is desired please contact SCMpolicy&compliance@vita.virginia.gov.

24.5.12 Supplier's obligation to understand RFP content and specifications

When suppliers sign and submit a proposal, they are communicating that they have read and understood all of the content, requirements, terms and conditions and specifications of the RFP. Each proposal must include an intent to contract statement that is signed by an authorized representative of the supplier stating their understanding of this obligation. Make sure these requirements are clearly stated in the proposal requirements section of the RFP.

24.5.13 Completing the RFP package

A comprehensive RFP package, including all of the appendices will be assembled by the SPOC with the assistance of the other PPT members. The SMEs will provide the completed technical requirements sections of the RFP and participate in final review of the completed RFP. The business owner shall provide the completed business and functional requirements sections of the RFP and participate in final review of the completed RFP. The SPOC is accountable for a complete, comprehensive RFP package. When finalizing the RFP package prior to posting, the SPOC shall:

- Review the RFP sections submitted by SMEs and the business owner for accuracy, completeness and clarity, assuring the overall quality of RFP.
- Draft the remaining content of the RFP, including general and VITA's IT-specific terms and conditions.
- Select and include the appropriate and approved VITA IT contract template. Non-VITA SPOCs shall use their agency's contract format until they receive training in VITA's contract template usage. Chapter 25, IT Contract Formation, (add link) includes a Minimum VITA Requirements for Agency Delegated RFPs/Contracts template that non-VITA SPOCs shall use to confirm inclusion of certain critical IT contractual terms and conditions.
- Lead the PPT in final review of RFP and all attachments.
- Finalize and complete the RFP package, including all attachments, which should be ready to be issued pending executive steering committee approval, if needed.
- Begin documenting issues for negotiation strategy planning.

24.6 Issuing the RFP

The SPOC will issue the approved final RFP. Once the finalized RFP is posted, the requirements definition phase of the procurement is concluded, the evaluation phase begins leading into the negotiation phase. The SPOC shall continue to serve as single point of contact during all phases of the procurement.

Any member of the PPT and/or ET shall NOT disclose any evaluation criteria, requirements, or budget information to anyone not on the PPT and/or ET prior to the posting of the RFP. Team members should be prepared to tactfully decline should a supplier contact them for information and provide the supplier with the SPOC's phone number or e-mail address.

24.7 Posting and advertising the RFP

VPPA §2.2-4301, Definition for Competitive Negotiation, requires: "Public notice of the Request for Proposal at least 10 days prior to the date set for receipt of proposals by posting in a public area normally used for posting of public notices and by publication in a newspaper or newspapers of general circulation in the area in which the contract is to be performed so as to provide reasonable notice to the maximum number of offerors that can be reasonably anticipated to submit proposals in response to the particular request. Public notice may also be published on the Department of General Services' central electronic procurement website and other appropriate websites. Effective July 1, 2002, publishing by state agencies, departments and institutions on the public Internet procurement website designated by the Department of General Services shall be required. In addition, proposals may be solicited directly from potential contractors."

As a rule of thumb, sourcing agencies must publicly post a copy of the RFP in the following locations: (1) public area (i.e., agency lobby); (2) area newspaper(s); (3) on eVA at Solicitation Postings for a minimum of ten (10) days. At a minimum, sourcing agencies should:

- Solicit at least six (6) sources, including a minimum of four (4) DMBE-certified small businesses, if available. The award may be made to a small business who is other than the highest ranking supplier (if at least 2 small business sources respond to the solicitation) when the provision for such an award is included in the solicitation. If fewer than the required number of sources are solicited, the reasons must be documented in writing and placed in the procurement file.
- If the procurement is a set-aside for small business participation only, solicit a minimum of six (6) DMBE-certified small businesses. The award to other than the highest ranking supplier clause may not be used.

24.8 Events that may occur during the posting period

24.8.1 Pre-proposal conference

When the PPT elects to conduct a pre-proposal conference or teleconference, it is held prior to the proposal due date. The conference is open to all suppliers. The assigned SPOC continues to act as the sole point of contact for suppliers during the entire procurement until contract award. The SPOC schedules and coordinates any pre-proposal conference. The pre-proposal conference invitation may limit the number of attendees per supplier. The PPT members agree to specific roles in responding to questions during the conference.

- **SPOC**: The SPOC may request that suppliers submit written questions at least three business days in advance of the pre-proposal conference. The SPOC shall contact the PPT members and obtain responses to all submitted questions for presentation at the pre-proposal conference. The SPOC shall make the necessary hosting arrangements and lead the pre-proposal conference.
- **SMEs & business owner***:* The SMEs and business owner shall respond to questions submitted by the suppliers in writing through the SPOC in a timely matter during the posting period.
- **Suppliers***:* Suppliers must notify the SPOC of their intent to attend, and submit questions in advance of attending the conference. When applicable, the deliverable is a completed pre-proposal conference, with all suppliers receiving documented answers to all submitted questions.
- **PPT**: The PPT should make every effort to create a level playing field for all suppliers by providing equal access to information. The PPT should take advantage of the pre-proposal conference to reinforce the importance of the SPOC during the entire procurement process.

24.8.2 Information requests during the posting period

All material information concerning the RFP or the procurement process shall be posted on eVA. Non-material information will not be posted. These written responses usually include answers to material supplier inquiries, RFP amendments and clarifications, any additions or modifications to procurement process rules and any responses to inquiries concerning the RFP evaluation criteria.

All communications with suppliers during the posting period should go through the SPOC. Only the SPOC should contact any supplier.

24.8.3 Issuing amendments to an RFP before proposal due date

An RFP may be amended by the SPOC by issuing a written addendum prior to the date and time set for receipt of proposals. Such addenda shall be posted on eVA and the agency website where the RFP is displayed. All addenda must be signed and returned by all suppliers to the SPOC with their proposals. If a deadline extension is granted to any supplier it must be granted to all of the suppliers. VITA does not accept late proposals.

24.9 Cancelling an RFP

24.9.1 Cancellation before proposal due date

If an RFP has been issued and the due date has not arrived, the RFP may be canceled. The following procedure should be used in such instances:

- A cancellation notice must be posted promptly through eVA and where the RFP is displayed at the time of original release (i.e., the public location, newspaper(s) of general circulation and agency website), stating that the decision to cancel the RFP has been reached;
- Notice shall also be provided to all agency personnel responsible for receipt and opening of proposals to prevent responses from being unintentionally opened;
- Any proposals received should be returned unopened to the supplier;
- The reasons for cancellation and/or rejection of any proposal shall be made part of the agency procurement file.

A public body may cancel an RFP, or reject proposals at any time prior to making an award, but may not cancel an RFP or reject a proposal to avoid awarding a contract to a particular supplier. See §2.2-4319 of the *Code of Virginia*.

24.9.2 Cancellation after proposal due date

When the RFP due date is past and proposals have been received and opened, the proposals may be rejected and the procurement canceled at any time prior to award. The following procedure will be used in such instances:

- A cancellation notice must be posted promptly through eVA and where the RFP is displayed at the time of original release (i.e., the public location and newspaper(s) of general circulation, agency website), stating that the decision to cancel the RFP has been reached.
- The opened proposals will remain as part of the procurement file.
- Any duplicate proposals may be destroyed unless the supplier requests that these proposals be returned at their expense.
- The reasons for cancellation or rejection shall be made part of the procurement file.

When a solicitation is cancelled, the procurement file including all received proposals remains confidential and will become part of the new solicitation procurement file. In the event that a new solicitation is not issued within a period of 12 months from the date of cancellation, the procurement file shall then become available and open for public inspection.

24.10 Receipt and distribution of proposals

24.10.1 Receipt of sealed proposals

Public openings are not required by law for proposals submitted under competitive negotiation. If a public opening is held, the names of the individuals, or the names of firms submitting proposals in a timely manner, is the only information read aloud and made available to the suppliers and general public. No questions regarding any proposal will be answered until after evaluation and negotiations are complete and an award decision has been made. The SPOC ensures all proposals are received on time and are complete. Proposals that are submitted late will not be considered. The SPOC reviews proposals for compliance with mandatory or must-have requirements or any mandatory terms and conditions. The SPOC maintains an evaluation sheet identifying each supplier's status with respect to the RFP's must-have or mandatory requirements (marked with an M).

24.10.2 Distribution of proposals

Once the SPOC has determined which proposals meet the completeness and compliance criteria described in the above paragraph, he/she will distribute copies of these proposals to the evaluation team, according to defined roles for each. The price data is not distributed at this stage.

24.11 Proposal clarifications

The SPOC or evaluation team may require certain suppliers clarify information contained in their proposals. The SPOC will issue any clarification questions in writing and these suppliers will be required to submit written clarification responses. A strict deadline for receipt of clarification responses should be included in the written communication to these suppliers. Suppliers must provide responses that sufficiently clarify their proposal's misunderstandings or confusion; however, should not reveal a previously unknown issue or problem. Supplier responses must be submitted to the SPOC, who will distribute them to the evaluation team. All clarification questions and responses become permanent records in the official procurement file.

All communications with suppliers during the RFP process should go through the SPOC. Only the SPOC should contact any supplier.

24.12 Mistakes in proposals

A mistake in a proposal may be corrected or the proposal may be withdrawn depending on the stage in the procurement process when the mistake is discovered. Minor informalities or mistakes in proposals are generally allowed to be corrected before award. Below is a reference table for determining how a proposal mistake should be handled:

Occurrence of proposal mistake	Available remedy
Before proposal due date	Supplier may correct mistakes discovered before due date by withdrawing or correcting and resubmitting the proposal.
After due date but before award	When review of the proposal (before award) indicates that a mistake was made, the supplier should be asked by the SPOC to confirm the proposal. If the supplier alleges that a mistake was made, the supplier may correct or withdraw the proposal. Correction of mistakes at this stage only allowed if: • Mistake and the correct proposal information are clearly evident on the face of the proposal, in which event the proposal may not be

	• Mistake is not clearly evident on the face of the proposal but the supplier submits proof of evidentiary value which clearly and convincingly demonstrates both the existence of the mistake and the correct offer and allowing the correction would not be contrary to fair and equal treatment of other suppliers.
During negotiations	Supplier may freely correct any non-material mistake by modifying or withdrawing the proposal.

24.13 Modifying or adding RFP requirements after proposal due date

If the business owner determines that it needs to modify or add requirements after proposals are received, the existing RFP will need to be canceled and reissued with the modified or additional requirements, as well as modified evaluation criteria. The business owner will need to establish a new proposal submission date.

24.14 Evaluation and scoring of proposals

Evaluation criteria shall not be altered after the opening of proposals with the exception of minor changes and only if the alterations are justified and evidence is presented to ensure that such alterations would not materially benefit or disadvantage any supplier.

During the evaluation phase, suppliers may not initiate any communication with the SPOC, PPT and/or ET members. SPOCs may ONLY initiate discussions with suppliers in order to further assess their responsiveness.

Evaluators may request presentations or discussions with suppliers to clarify material in the proposals, to help determine those fully qualified and best suited. Proposals are then evaluated on the basis of the criteria set forth in the RFP, using the evaluation method previously specified in the RFP. Only proposals meeting the mandatory (“M”) requirements will be evaluated. Price is considered, but is not the sole determining factor. Two or more suppliers determined to be fully qualified and best suited are then selected for negotiation. A proposal may be eliminated and not evaluated if the proposal is clearly not within the specifications or plans described and required by the RFP.

During the evaluation phase it may be determined that only one supplier is fully qualified, or that one supplier is clearly more highly qualified than the others under consideration. A written determination shall be prepared and retained in the procurement file to document the meaningful and convincing facts supporting the decision for selecting only one supplier and negotiating with that supplier.

24.14.1 Evaluation process – roles and responsibilities

Selection shall be made of two or more suppliers deemed to be fully qualified and best suited among those submitting proposals on the basis of the factors involved in the RFP, including price if so stated in the RFP.

	RFP process steps: evaluation through award	Responsible unit
1	RFP due date	SPOC
2	Opening of proposal submissions	SPOC
3	Administrative screen: vendor compliance with mandatory as well as basic submission requirements	SPOC
4	Confidentiality agreements signed: prepared, filed by SPOC (see Appendix A, Procurement	PPT and ET, SMEs as specialized input is required

	RFP process steps: evaluation through award	Responsible unit
	Project/Evaluation Team Confidentiality and Conflict of Interest Statement, for a VITA-approved template.)	
5	Business and technical evaluation	PPT and/or ET, SMEs as specialized input is required
6	Reference checks	SPOC, PPT and/or ET, SMEs as specialized input is required
7	Interviews, demonstrations, presentations and/or site visits	SPOC, PPT and/or ET, SMEs as specialized input is required
8	Clarifications	SPOC
9	Reviewing proposals and preparing a negotiation strategy	SPOC, PPT and/or ET team members, SMEs as specialized input is required
10	Contract negotiations – SPOC hosts and leads	SPOC, PPT and/or ET team members, SMEs as specialized input is required
11	Evaluation summary and evaluation team signoff	SPOC, ET, SMEs as specialized input was required
12	Contract award	SPOC
13	Procurement summary	SPOC
14	Contract management	Sourcing agency contract administration and management.

24.14.2 Scoring proposals

The evaluation and scoring of proposals for most major IT procurement projects involves the following steps:

- ET member individual scoring
- consensus meeting(s)
- preparing the short list of suppliers
- demonstrations/testing/site Visits/presentations by short list suppliers
- in-depth evaluation of short listed proposals
- identify top contenders
- perform total solution cost reasonableness analysis

24.14.3 Evaluation team (ET) meetings

The SPOC will coordinate and facilitate all evaluation meetings in an ADA accessible location. ET members must participate in all evaluation segments, including any demonstrations, onsite visits where their votes will be included. The SPOC shall keep written summaries of each meeting and will document the review and scoring results for each proposal evaluated. A master-scoring sheet should be compiled by the SPOC with the total score for each proposal. The evaluation team shall reach consensus on which proposals meet the minimum functional and technical requirements, scoring them based on all pre-established evaluation criteria. The consensus should integrate results of individual evaluator reviews and scoring. Only team members may assign or vote on points. A quorum of the team must be present to take an official vote. If none of the proposals meet the minimum functional, technical, and schedule requirements, the ET will decide whether to end the process at this point or to amend the original RFP requirements.

If such a decision is made, refer to section 24.9.2, Cancellation after Proposal Due Date, and section 24.13, Modifying or Adding RFP Requirements after Proposal Due Date, for further guidance.

24.14.4 Preparing the short list of suppliers

At this stage in the evaluation process, the evaluation team has completed enough of the evaluation to determine which suppliers will make the short list. The evaluation team shall then identify and rank the short list of suppliers by scoring their proposals against the "wants" list of criteria. The SPOC shall document which suppliers made the final short list.

24.14.5 Conduct in-depth evaluation

In complex procurements, the SPOC may schedule and conduct fact-finding discussions with each supplier on the short list to clarify their offers prior to developing the negotiation strategy. The SPOC is also responsible for coordinating and documenting the completion of the cost analyses and presentation, demonstration, site visit and/or testing results, if any, prior to developing the negotiation strategy. This documentation should include a complete understanding of the offers, to include all segments of the evaluation process. All documentation must be maintained in the procurement file.

The key point to remember at this stage in the sourcing process is the value of coordinating the results of the evaluations, presentation/demonstration/testing/site visit results and total solution cost analyses in regard to the project's budget. All results must be kept confidential within the ET. It is in the Commonwealth's best interest that all side discussions and social outings with contending suppliers be avoided.

All communications with suppliers during the evaluation process should go through the SPOC. Only the SPOC should contact any supplier.

24.14.6 Test/site visit/presentations

Upon request by the evaluation team, the SPOC may request suppliers on the short list to perform testing, supply a pilot project, allow site visits and make presentations to the ET as warranted in order to determine the best solutions from among the short list proposals. The determining factor as to whether presentations, demonstrations, testing and/or site visits are warranted is based on the team's need to obtain additional information in order to arrive at a data driven decision.

The SME(s) will assist the ET in preparing the presentation/demonstration/site visit and/or testing requirements/scenarios. All short list suppliers should be afforded the same and equal opportunity for the presentations, demonstrations, site visits, test/pilots, etc. required by the ET at this evaluation stage. Before testing begins, the SME(s) might work with short list suppliers to identify a testing protocol that will deliver the desired results.

If necessary, the SPOC will update the evaluation documentation if the process has identified additional items critical to the success of the solution. The SPOC will also reach agreement with members of the evaluation team on the project/site visits and presentations and assess the evaluation results. If SMEs and non-team agency representatives or resources are involved in the testing or pilot, the SPOC will coordinate the testing plan and presentation schedule with these resources.

The SPOC may provide an evaluation/pilot form agreement or a script of what is expected in the pilot/presentation and what the team will validate to the short-list suppliers and lead the required negotiations to execute the defined testing protocol. The SPOC will assist the ET in documenting the evaluation criteria for the testing pilot or site visits and advise them regarding the need to keep test or site visit results confidential to protect the agency or Commonwealth's position in continued negotiations.

Selecting suppliers for a pilot does not imply that a final selection has been made. If the pilot suppliers fail to demonstrate the ability to meet the requirements during testing or site visits, the evaluation team needs to be well-positioned to pursue another supplier. The testing units, pilot and supplier labor are to be provided by supplier at no cost to the sourcing agency whenever possible.

After testing, site visits and/or presentations, the SPOC will prepare a written report, based upon scoring results of the proposed short-list supplier solutions that were shown to meet the requirements and can deliver a proven, qualified solution. It may be necessary to address whether testing, site visits and/or presentations raised new issues which need to be covered in the negotiation strategy.

If only one supplier is fully qualified the SPOC shall prepare a written determination of the facts supporting the decision to negotiate with that single supplier and retain it in the procurement file.

24.14.7 Preliminary negotiations (if appropriate)

Preliminary negotiations are fact-finding discussions to fully understand each aspect of the supplier's proposal. The SPOC may, if appropriate, communicate with each supplier who has met the RFP's mandatory requirements to work through their comments to the proposed contract. The SPOC may come away with additional considerations—how much risk are we willing to accept? What is our strategy for risk associated with this sourcing initiative? In addition, proposals that are found to contain pricing which is considered excessive or inadequate as measured by the criteria in the RFP may be eliminated from further evaluation.

24.14.8 Total solution cost analysis (after preliminary negotiations)

It is essential that the evaluation team understand the complete cost of a technology-based business solution. A total solution cost analysis will fit the project's business plan and identify the best solution to match its goals and budget; for example, adding capabilities in order to improve customer service or expand services. Using new technology can often improve the customer service process. Additional capacity, speed and improved performance are often the drivers in the decision to look at equipment changes.

The intention is to arrive at a final figure that will reflect the *effective* cost of purchase. For example, the lifetime cost of a PC can be more than five times its acquisition cost. Evaluators should thoroughly consider the complete cost—not only obtaining the PC but operating, supporting and maintaining it during its lifetime including costs of hardware, software, training, maintenance, or other services.

The total cost solution analysis is the big picture cost analysis of each supplier's proposal. This includes, but is not limited to, cost elements such as start-up, transition from current, rollout, training, help line support, operating, maintenance and repair, hardware upgrades related outsourcing or consulting and "exit" cost, or, cost to replace this system or solution at the end of its useful life. The analysis may also include lease versus purchase, the benefits, costs, and risks imposed by various contract terms and conditions identified during preliminary negotiations.

The SPOC is responsible for supplementing the evaluation team with the necessary internal resources to gather the data, including the total cost of the solution, required to make a data driven decision. This may include substantial involvement by the SME(s) as well as finance personnel. The SPOC is also responsible for determining the value/cost ratio of each proposal, and access any inordinate risks or ancillary intangible costs associated with each solution, such as supplier's viability over the life of the solution, quality of the system documentation and its impact on operating costs, etc. (i.e., *total* cost to the agency or Commonwealth). SMEs and agency personnel should provide input into the total solution cost analysis where needed. The SPOC, working with agency resources and SMEs will document a cost benefit analysis that clearly represents the total value/cost ratio of each short list solution. Without this data the team cannot determine the true value/cost ratio of the proposed solutions.

The scope of the total solution cost analysis should include annual budgetary impact over the expected life of the solution.

24.14.9 Identify top contenders

The SPOC will facilitate the evaluation team in reaching an informed consensus for the initial recommendation. To develop the initial recommendation, the SPOC will schedule a meeting of the evaluation team to review the results of the testing/pilot project, value/cost ratio and preliminary contract negotiations. Where conflicts arise, the team will rely upon the consensus rules established at the beginning of the process.

Any open issues or issues in need of further clarification will be documented by the SPOC and included in the negotiation strategy. This documentation will be included in the official procurement file. Agency resource personnel and SMEs who are not members of the evaluation team may attend the scheduled meeting and provide input into the initial recommendation. The SPOC will ensure that all project requirements have been addressed.

Key evaluation questions:

- Are these suppliers aligned with VITA's business needs?
- Are they positioned for future growth and competition?
- Do our contracts preserve our leverage in a changing business environment?

24.14.10 Update executive steering committee (if appropriate)

Once the total value/cost rationale of each solution is determined, the evaluation team will make a recommendation to the executive steering committee (if appropriate). This recommendation is based on the team consensus achieved through reviewing the results of the testing, pilot or site visits, and total solution cost analysis and preliminary contract negotiations.

While the evaluation team will present the initial recommendation to the executive steering committee, SMEs may participate and assist if necessary. The executive steering committee can not select or affect the recommendation since this must be a data-driven decision; however, they may, at this stage in the procurement process, agree to proceed, request more information or may end the project.

The SPOC is responsible for ensuring that the executive steering committee is fully and accurately informed of the recommended solution, and that they approve the recommendation prior to proceeding with final negotiations. If the executive steering committee requests more information, the SPOC is responsible for obtaining and conveying the requested information to them.

If approval is granted, the business owner ensures that funding documents are fully executed before proceeding with final negotiations. The executive steering committee (if appropriate) provides the appropriate management concurrence of the recommended supplier with confirmation of authorized funding. Short, concise updates to the executive steering committee throughout the RFP process may streamline approval of the initial recommendation.

Key negotiation question: • Did the suppliers raise new issues that need to be covered in the negotiation plan?

24.15 Final negotiations

In-depth discussion on final negotiations, covering basic and IT-specific negotiation guidance, as well as, links to a negotiation risk mitigation worksheet and negotiation strategy worksheet are found in chapter 26 of this manual. (add link)

Appendix A - Procurement Project/Evaluation Team
Confidentiality and Conflict of Interest Statement

[Project Name/Solicitation #]

I, ____(*print name clearly*), hereby certify that I have provided all required information on this form to the best of my knowledge and agree to the following confidentiality and conflict of interest protocols for the subject project/solicitation. I further certify that I have read and understand the attached Confidentiality and Conflict of Interest Guidelines.

For the purpose of these Statements, "Supplier" means any business entity/corporation/organization/firm/individual including any of its Affiliates (i.e., an entity that controls, is controlled by, or is under common control with Supplier) that submits an offer/proposal in response to this solicitation. "Supplier" also means "Offeror" or "Bidder."

PART A - CONFIDENTIALITY STATEMENT

1. I understand that information related to this project/solicitation and all proposals received shall be held in strict confidence.
2. I will not divulge any information pertaining to this project/solicitation or program, including but not limited to specific proposals, the number of proposals received and under review, or any other related documents.
3. I will cease communicating with Suppliers associated with this project/solicitation until Notice of Award is posted for this procurement.
4. I will limit all communication about or pertaining to this solicitation to only those individuals who have signed a Confidentiality and Conflict of Interest Statement for this solicitation/project. I will confirm this with this project's single point of contact (SPOC), identified as: ____(*provide SPOC name/e-mail address*) prior to entering into any such communication.
5. My contact with the Suppliers will adhere to the communications protocol set forth in the RFP, which designates a SPOC for all supplier communication.
6. I agree not to meet with any potential or actual Supplier for any reason, without at least one other team member and the consent of the SPOC. I will not discuss the active procurement with a potential or actual Supplier.
7. If contacted by a potential or actual Supplier, I will refer the Supplier to the SPOC.
8. If I am contacted by any potential Supplier under the Freedom of Information Act, such requests will be forwarded to the SPOC immediately upon receipt.
9. I have read the provisions of the law identified in Article 6 of the Virginia Public Procurement Act and subsection 2.2-4342, § D, entitled "Public inspection of certain records" and 2.2-4359, § D, delineated below**:**
   (a) 2.2-4342 D. *Any competitive negotiation Offeror, upon request, shall be afforded the opportunity to inspect proposal records within a reasonable time after the evaluation and negotiations of proposals are completed but prior to award, except in the event that the public body decides not to accept any of the proposals and to reopen the contract. Otherwise, proposal records shall be open to public inspection only after award of the contract.*
   (b) 2.2-4359 D. *Nothing contained in this section shall be construed to require a public body, when procuring by competitive negotiation, to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous.*
10. I will inform the SPOC of any concerns regarding inappropriate communication or any suspected breach of confidentiality.

END OF PART A – CONTINUE TO PART B

PART B – CONFLICT OF INTEREST STATEMENT

1. I am not a director, officer, owner, partner, trustee, consultant or employee of any Supplier that has submitted a proposal/offer in response to this solicitation or of any Supplier that has expressed interest in bidding or being a subcontractor for this project.
2. Neither I, nor any member of my immediate family, including spouse, parents, children or siblings, have any direct investment, such as stocks or bonds, in any Supplier that has submitted a proposal/offer in response to this solicitation or any Supplier that has expressed interest in bidding or being a subcontractor for this project.
3. I have not received any income from, and I have not received any promise of income from, any Supplier that has submitted a proposal/offer in response to this solicitation or any Supplier that has expressed interest in bidding or being a subcontractor for this project in the twelve months preceding the date of execution of this Statement.
4. As of the date of execution of this Statement, I am not aware that any Supplier that has submitted a proposal/offer in response to this solicitation or any Supplier that has expressed interest in bidding or being a subcontractor for this project will give me income in the next twenty-four (24) months following the date of execution of this Statement.

   OR—

   I am disclosing the following interests in a Supplier that has submitted a proposal/offer in response to this solicitation or a Supplier that has expressed interest in bidding or being a subcontractor for this project:

   ____

   ____

5. I agree to inform the SPOC immediately if there is a change in regards to my answers to paragraphs 1 through 4 of this Conflict of Interest Statement.
6. I agree to inform the SPOC of any concerns regarding any suspected breach of this Conflict of Interest Statement by other members of the solicitation/project team.

BY SIGNING BELOW, I ACKNOWLEDGE THE INFORMATION AND CERTIFICATIONS I HAVE GIVEN IN PART A AND PART B OF THIS STATEMENT:

Signature: ____

Agency: ____

If Consultant, provide name of Company you represent and your role on this team:

____

E-mail Address: ____

Date: ____

END OF PART B – CONTINUE TO PART C
YOU ARE RESPONSIBLE FOR READING AND UNDERSTANDING THE FOLLOWING GUIDELINES AND HAVE SIGNED THIS STATEMENT TO THAT EFFECT.

PART C - CONFIDENTIALITY AND CONFLICT OF INTEREST GUIDELINES

Confidentiality

For purposes of these guidelines, confidential data or information is to be broadly construed and includes:

1. all trade secrets and proprietary information so designated and submitted by Suppliers in their proposals/offers;
2. cost estimates;
3. any and all other data and/or information that discloses any aspect of the substance or detail of a proposal itself or the evaluation/scoring thereof, whether conveyed in writing or orally and any and all information derived therefrom.

Certain documents or section of the proposal responses may be protected from public view under the provision of the Virginia Public Procurement Act §2.2-4342. The proprietary/confidential status must be maintained even after the evaluation process is complete.

Trade secrets or proprietary information must have FOIA protections invoked by the Supplier in writing identifying specific data or materials to be protected and state the reasons why protection is necessary. (Entire proposal, line item prices, and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposals.)

All state government procurements for goods and services must be conducted in a fair and impartial manner with avoidance of any impropriety or appearance of impropriety. All state employees having official responsibility for the procurement process shall conduct business above reproach in every respect. All third-party contractors/consultants participating in an IV&V and/or Subject Matter expert capacity in this project/solicitation shall conduct their participation above reproach in every respect.

Each Procurement Project/Evaluation Team Member involved in this project/solicitation must take all reasonable steps to ensure that others do not have unauthorized access to confidential data or information relating to such project/solicitation. Such steps include, but are not limited to, the following:

1. Team members, without exception, should forward to the SPOC any and all inquiries or comments regarding any procurement transaction that are received from any party, either internal or external to VITA. In addition, team members should explain to the party making such inquiry that the reason the inquiry is being forwarded to the SPOC is to ensure that the party receives the most up-to-date and accurate information available regarding the procurement process.

2. The confidential data or any information acquired or accessed in connection with this project/solicitation should not be used except for the purpose of evaluating Suppliers' proposals/offers. Furthermore, do not release, disseminate or otherwise disclose such data or information to any other party unless authorized by applicable law or required by court order to do so. If so authorized by applicable law or required by court order, notify the SPOC who is responsible for such disclosure.

3. The data and information contained in Suppliers' proposals/offers and any information derived therefrom (including working papers) shall, at all times, be used, maintained, transported and stored in a secure fashion unless the Procurement Project/Evaluation Team Member is actively using such data or information.

4. The data and information contained in Suppliers' proposals/offers and any information derived therefrom (including working papers) shall not be left unattended on conference room tables during meeting breaks unless the meeting room is locked and shall not be left unattended in office chairs, under desks or in any other place unless the room is locked.

5. The confidential data and information contained in Suppliers' proposals/offers, any and all oral discussion or comment relating to the confidential data and information and any information derived therefrom shall be maintained in the strictest confidence and shall not be released, sold, disseminated, transferred or otherwise disclosed by any means to any person, firm, corporation, or third party without the prior written approval of the SPOC.

6. No emails shall be sent to any person(s) regarding the data or information contained in Suppliers' proposals/offers or any information derived therefrom without the prior written approval of the SPOC.

7. The data and information contained in offerors' proposals/offers and any information derived therefrom shall be accessed and used only as necessary to evaluate Suppliers' proposals. The data and information contained in offerors' proposals and any information derived therefrom shall be used and/or accessed for no other reason and in no other way.

8. The data and information contained in Suppliers' proposals/offers and any information derived therefrom shall not be reproduced or copied by any means, in whole or in part, without the prior written approval of the SPOC.

9. For any procurement conducted by VITA, the entire procurement file shall be maintained by and kept in the designated VITA Contracts Administration location.

10. Upon request or when the Procurement Project/Evaluation Team Member's assigned duties associated with this project/solicitation are completed, the team member shall immediately deliver to the SPOC all Suppliers' proposals/offers along with all copies of any other materials and/or writings received or created in connection with or otherwise relating to this project/solicitation and any information derived therefrom.

11. When a Procurement Project/Evaluation Team Member has reason to believe that any unauthorized person(s) or third party has obtained or been provided access to or used data or information contained in Suppliers' proposals/offers or any information derived therefrom, such team Member shall notify the SPOC by telephone, email or facsimile transmission within two (2) business hours. In addition, such team Member will provide any and all documentation or other information requested by VITA pertaining to such unauthorized access or use of information or data and cooperate fully with VITA during its investigation of the matter.

Conflict of Interest

Each Procurement Project/Evaluation Team Member should be acquainted with the *Code of Virginia, § 2.2-4367,* which includes the *State and Local Government Conflict of Interests Act (§ 2.2-3100 et seq.),* the *Virginia Governmental Frauds Act (§ 18.2-498.1 et seq.),* Articles 2 (§ 18.2-438 et seq.) and 3 (§ 18.2-446 et seq.) of Chapter 10 of Title 18.2.and Article 6 (§ 2.2-4368 through 2.2-4371). Once the Project Procurement/Evaluation Team Member has read the referenced *Virginia Code* sections above, if the team Member concludes that a conflict of interest exists in relation to this project/solicitation, the Member must inform the SPOC immediately and excuse themselves as a participant.

Appendix B

Checklist of Issues to Resolve Before and During RFP Preparation

Issues/questions to resolve	YES	NO
1. Has the agency prepared written determination in advance that a competitively sealed proposal is either not practicable or not fiscally advantageous to the public as required by §2.2- 4303(C)?		
2. Has the agency accepted that we must use "best value" methodology in this acquisition?		
3. Has the agency included requirements in the RFP for IT accessibility and Section 508 accessibility requirements?		
4. Has the agency determined any constraints on RFP flexibility as a result of full or partial federal funding?		
5. Has the agency considered Commonwealth strategic objectives and ensured there is no potential conflict?		
6. Has the agency considered all legacy systems and interface requirements that will be affected by this project and taken all associated risks into account? Are these systemic relationships clearly defined in the RFP?		
7. Has the agency planned for the inclusion of VITA/Commonwealth and agency IT security requirements in the RFP? How will these requirements affect the specifications/requirements in the RFP? What is the emergency or back up plan for standby commodities or services?		
8. Has the agency analyzed the impact of the RFP process on small businesses in the Commonwealth? Can the RFP be structured to promote the inclusion of small businesses in the solution? Would a supplier be able to form a consortium of smaller suppliers to submit one proposal in response to an RFP? Would this be an appropriate procurement to designate as a set-aside for small business?		
9. Has the agency determined if subcontractors may be used? How will they be identified? What are reporting requirements for subcontracting?		
10. Avoid discouraging brand specifications. Is the project equipment required to be a certain brand name or would an equivalent suffice? Will the RFP allow suppliers to propose multiple options to provide the solution to the same functional requirement? If so, RFP should state that each option will be fully considered by the evaluation team prior to the evaluation of the full proposals.		
11. Has the customer analyzed potential legal exposure and contract management issues if contracts will be offered to multiple suppliers?		
12. Risk of loss – What are the insurance (i.e., errors and omissions) and performance or surety bond requirements of the project?		
13. Has the agency established objective evaluation criteria and developed the evaluation scoring?		
14. If the RFP will contain a SOW process, has the SOW been defined? Has a SOW template been prepared?		
15. What type of contract will be utilized and what terms and conditions are negotiable or not negotiable?		
16. Has the agency planned how the project should be implemented, what deliverables and milestones the supplier will be expected to meet?		
17. What are the invoice and payment specifications? Are payments tied to delivery or milestones? Are there discounts/penalties to be applied if delivery or milestones		

are not met?		
18. What will the supplier need to supply for record keeping and reporting? What needs to be reported, how often and to whom?		
19. Has the agency established clear metrics and performance measures to include in the contract to measure project success and supplier's performance? Will the contract contain benchmarking of price and/or performance?		
20. What changes to performance and/or contract specifications would require a formal contract amendment? Will any performance and/or payment time frames continue beyond the contract term and if so, how will they be managed?		
21. What are the agency's requirements for the contract and/or project manager(s)?		
22. Did we address and include these: • Small Business Subcontracting Plan requirement • What certifications, licenses or statutory requirements will supplier have to meet and/or provide? • Supplier must show proof of Workers Compensation insurance and other insurance.		

Appendix C
The RFP Process Checklist

Step	Process	✔
1	Conduct a market analysis to gain awareness of products/services/solutions that could meet the business or technology need. Perform a make vs. buy analysis. Estimate project investment costs including RFP investment cost.	
2	Analyze VITA statewide contracts to determine if the business or technology needs could be met through purchases from statewide contracts. Statewide contracts usually offer lower pricing than agency-specific contracts. If no statewide contracts available, continue with Step 3.	
3	An executive steering committee may be created in support of any project as determined by the business owner; however, for major IT projects and large enterprise procurements, an executive steering committee will be required. The executive steering committee is usually comprised of business owners and executives. The executive steering committee will serve in an advisory role and may assist in developing the business needs and requirements. The executive steering committee will not be involved in the evaluation process.	
4	Determine if project is appropriate for solution-based RFP. If determination is "yes," RFP should include language which specifies "This is a best-value, solution-based RFP."	
5	Prepare written determination that competitive sealed proposal is either not practicable or not fiscally advantageous to the public. Written determination should be signed by agency head or designee and placed in the procurement file.	
6	Create a procurement project/evaluation team documenting: members' roles and responsibilities, be clear about the SPOC's role as lead host, contact and coordinator, and obtain signed conflict of interest statements.	
7	Develop a clear and agreed-upon statement of the purpose of the RFP. This should align with any project planning charter/mission statement previously developed by the business owner in working with VITA ITIB project management (i.e., ProSight). Develop a high level outline of the RFP and have the procurement project/evaluation team review it.	
8	Develop schedule for RFP. Refer to appendix G.	
9	Develop solution requirements or necessary specifications in accordance with the guidelines of chapter 8, Describing the Need: Specifications and Requirements (add link).	
10	Establish evaluation criteria including clear, concise definitions for each criterion provided to facilitate team understanding, using the guidelines set forth in this chapter. For all contracts in excess of $100,000 a Small Business Subcontracting Plan will be required.	
11	Develop an evaluation scoring plan that explains how proposals will be evaluated and forward to the evaluation team.	
12	Determine if pre-proposal conference will be held and whether supplier attendance will be optional or mandatory. Include information about pre-proposal conference in RFP. Pre-proposal conference can be held via teleconference.	
13	Identify major project milestones and deliverables for establishing supplier performance metrics and/or payments.	
14	Identify any technical, functional, security, confidentiality, cost or schedule risks that need to be addressed and resolved as a result of developing the requirements, specifications and milestones in the RFP, or determine if suppliers should be required to identify any risks associated with their solutions, including costs.	

Appendix C
The RFP Process Checklist

Step	Process	✔
15	Determine if procurement would be appropriate for set-aside to DMBE-certified small business. The award may be made to other than the highest ranking supplier when the provision for such an award is included in the solicitation. If the set-aside is for small business participation only, award to other than the highest ranking supplier clause may not be used. Refer to VITA Small Business Policy.	
16	Utilizing VITA's RFP template(s), VITA sourcing staff shall develop the RFP document in accordance with the guidelines set forth in this chapter. Other agencies should use their own templates and the Minimum VITA Requirements for Agency Delegated RFPs/Contracts found in chapter 25, IT Contract Formation, (insert link) until they have received VITA training on VITA's RFP and contract templates. Counsel and review may be obtained from VITA SCM by contacting SCMpolicy&compliance@vita.virginia.gov.	
17	Finalize RFP with the procurement project/evaluation team. Review the RFP document to ensure that all necessary and specific requirements are included. Establish proposal submission due date.	
18	Obtain CIO approval if required (refer to manual chapter 1, VITA's Purpose and Scope (insert link).	
19	Issue RFP. Post RFP for a minimum of 10 days in eVA, a designated public area and a newspaper of general circulation in the area where the contract will be performed. Consider a longer response period for more complex procurements to ensure thoughtful, thorough responses.	
20	Answer questions from suppliers. Conduct optional or mandatory pre-proposal conference, prepared with adequate project team member participation to respond to suppliers' questions. Post answers on eVA.	
21	Amend RFP if needed. Post amendment on eVA and in newspaper of general circulation for a minimum of 10 days.	
22	Receive proposals.	
23	Evaluate proposals using the evaluation criteria provided in the RFP.	
24	Select two or more suppliers deemed to be the most fully qualified and best suited based on evaluations.	
25	Conduct negotiations and finalize contract(s).	
26	Award contract(s).	
	Prepare a complete procurement file.	
27	Post notice of contract award for 10 days in eVA and a designated public area or publish notice of award in a newspaper of general circulation.	
28	Facilitate eVA catalogue.	

Appendix D
Contents of a Quality IT RFP

Section	Section content	Content description
1	Introduction	Provides a statement of the problem and must be detailed enough for suppliers to grasp the business issues driving the RFP and the technical issues that may have precipitated the problem.
2	Proposal instructions and administration	Contains all administrative requirements and information with which a supplier must comply in order to submit an acceptable proposal. This section includes ground rules for the procurement, from submitting the RFP to awarding the contract and should contain the following types of information: • if and when a pre-proposal conference will be held • relevant dates for the procurement cycle • requirements for preparing and submitting proposals (i.e., Code of Virginia requirements, as well as proposal protocol) • how proposals will be evaluated • RFP contact names and addresses • when, where and to whom proposals are due • other information that is required for a supplier to be fully responsive If the instructions are incomplete or unclear, suppliers may overlook critical meetings or milestones. Some suppliers may view the lack of quality instructions as a sign of a weak project team or conflicted project which could influence major industry suppliers to not submit proposals. Failure of a supplier to comply with the RFP's administrative requirements may be cause for proposal rejection. This section should present clear rules for responding to the RFP and to make suppliers aware of the penalties for not following them.
3	Proposal format	Provides details on how proposals are to be formatted and bound and the required media (i.e., hardcopy, CD, etc.). It is helpful to include a table to show if various proposal sections are to be submitted separately; i.e., technical from cost, etc.). This section should not duplicate or conflict with the proposal instructions in section 2.
4	Present situation	Accurately describe the agency's organizational background and the project's current business and technical environments so suppliers can effectively and accurately propose solutions to adapt or modify that environment to satisfy the new requirements. Description of the current business environment should include all users and benefactors of the current business services and processes affected. Description of the current technical environment should be a clear definition including all current hardware and software being used, what could be used or should be used to address the project requirements, as well as current interfaces to other existing systems/platforms and/or applications.
5	Functional and technical requirements	Provides functional and technical requirements and enough information to enable suppliers to understand the issues and prepare a complete and firm proposal. This overview should address

Section	Section content	Content description
		both the current business application and the technical environment (hardware, software, communications). It is recommended that agencies not use "must" and "shall" technical requirements, but allow suppliers to suggest how they will solve the problem as part of a solution-based proposal. The technical and functional requirements section includes questions to which suppliers must respond in their proposals, for example: • critical success factors • functional specifications for the current system • functional specifications for the projected system • performance specifications • hardware requirements (if mandatory) • software requirements • communications requirements (if mandatory) Project management requirements state the conditions for managing and implementing the project. This section should provide suppliers with information they need to develop a project plan, risk mitigation plan or other management plan, as required for the complexity and mission criticality of the project and that spans requirements definition, implementation, installation, testing, training, maintenance, and other phases of the project. The proposed project plan provides assurance that the supplier has the resources required to perform the contract successfully. The project management plan typically contains the following: • staffing requirements • site preparation responsibilities • delivery and installation schedule and plan • system acceptance test requirements • system maintenance requirements • system training requirements • documentation requirements Agencies should remember that it is possible a supplier can meet the technical requirements, but cannot meet the management requirements as evidenced in their poor or inadequate responses to this section. The management section will help differentiate between suppliers with mature or immature management capabilities.
6	Supplier profile	Suppliers are asked to describe their business and professional qualifications and to provide references. They should be asked to present detail about their corporate and financial status and the customers who will serve as references for their professional performance and integrity. The following examples are what is typically required in this section:

Appendix D
Contents of a Quality IT RFP

Section	Section content	Content description
		• Supplier's corporate history, organizational structure, locations and business-size status (i.e., DMBE-certification status, if applicable). • Supplier's general background experience and capability for providing the type of solution or product being offered. • A description of the relationship between supplier and any proposed partner/ subcontractor/manufacturer, if any, and how long this relationship has been in existence. • Evidence that supplier has the necessary technical, operational and management skills, staff and financial resources and viability to perform the contract. • A list of same/similar currently installed products, systems or solutions. • Names of customers with similar projects, configurations and/or applications who can provide references, including contact names and telephone numbers. • Supplier's qualifications, including resumes, company profile and business processes. • Supplier's usual method of providing services including a description of the work plan, methods to be used and a sample schedule of deliverables/timeline for project completion.
7	Pricing information	Specifies how suppliers are to provide pricing information and provides a detailed format for them to follow in developing their price proposals. Instructions should be clear enough to ensure that price proposals can be compared on an equal basis. To facilitate this comparison, consider providing a sample spreadsheet that breaks the proposed system into components such as the following: • system software • application development software • installation • maintenance • training • documentation • project management • integration of unique hardware or software • license fees (ongoing) Include a pricing schedule/scenario as an example of how proposal prices must be submitted. If lump sum pricing is not advantageous, use a pricing scenario to obtain prices for unknown quantities or hours. Ask for a breakout of recurring versus non-recurring costs. The pricing schedule should be tied to deliverables and must coincide with the method of payment stipulated in the solicitation. When looking at pricing schedules, pay attention to pricing that involves one-time costs versus

Appendix D
Contents of a Quality IT RFP

Section	Section content	Content description
		recurring costs. The initial price of a software package is a one-time cost; annual maintenance and software licensing fees are recurring costs which must be identified to develop a project's total life-cycle cost. Pricing is not usually the sole determinant for award, but should be used to break a tie between two suppliers with equally good technical and management proposals.
8	Agency standard agreement (i.e., contract template)	Contains a proposed contract template with nondisclosure agreements, confidentiality and security requirements, warranties, licensing agreement requirements and other legal and IT-specific terms and conditions. Suppliers should be asked to redline the proposed contract template to highlight all exceptions they cannot agree to. They can raise issues or comments for the first time during negotiations later. Identify showstopper issues during the proposal evaluation period because it is possible to select a supplier who will not accept the agency's contract.
9	Supplier's section (optional)	Allows suppliers to include information they feel is relevant although not required or requested in the RFP. They can also discuss potential issues that are relevant to the RFP and to their proposal. For example, a supplier may have additional product features to demonstrate that are outside the scope of the RFP, may comment on requirements they feel are missing from the RFP, present a unique solution that was not anticipated by the buyer, or may provide a solution to a problem evident in the RFP that other suppliers did not consider. Even if this particular supplier does not win, the explanation of the problem and the potential solution may still be worth considering.
	Appendices	Contain bulky but relevant information such as network diagrams, technical requirements studies, project plan outlines and other detailed information. Examples include the following: • Spreadsheets with statistical information. • Communications network drawings and plans. • List of current equipment. • Standards used within the company. • Tentative project plan with dates. • Contract template The information is then available to the supplier but does not distract from the narrative portion of the RFP. Note: Tell suppliers whether they must use this information when developing their proposals.

Appendix E
Requirements Verification Checklist

	Requirements Verification Checklist	Yes	No
1	Does the project/system/software/equipment described in the requirements provide the functionality which best supports the identified business need?		
2	Have all legacy, interface, application/platform/system dependent, and VITA Partnership requirements been included?		
3	Are there any conflicts in the requirements?		
4	Are all functions required by the agency or institution included in the requirements?		
5	Can the requirements be implemented given available time, budget, resources and technology?		
6	Are there any technical, functional, specifications, security, cost or other potential project risks which need to be mitigated now, highlighted for later consideration or included as a requirement for suppliers to address?		
7	Are the requirements realistically testable?		
8	Are the requirements capable of being properly understood by the supplier community?		
9	Is the origin of the requirements clearly stated?		
10	Can the requirements be changed without a large impact on other requirements?		
11	Do the requirements consider maintenance and support for the intended life of the solution/system/product?		
12	Are there products and/or solutions in the marketplace that will meet the requirements?		

Appendix F
A 10-Step Process for Evaluating Proposals

Step	Evaluation Procedure
1	An initial evaluation will be conducted to ensure "must haves" are met.
2	Suppliers not meeting "must haves" will be eliminated from further consideration.
3	The evaluation team (ET) will then review proposals based on the evaluation factors contained in the RFP.
4	A "short list" is determined after reviewing evaluation results.
5	Suppliers on the short list may be asked to deliver presentations or demonstrations.
6	Another evaluation meeting may be held, and two or more suppliers may be selected for negotiation.
7	Preliminary negotiations may be conducted with each of the suppliers selected. Preliminary negotiation allows modification of proposals, including price and negotiable terms and conditions.
8	Perform a total solution cost analysis on top proposals.
9	After steps 7 and 8 are completed with each of the selected suppliers, the ET may select the supplier(s) which, in its opinion, has made the best proposal. The ET is not required to furnish a statement explaining why a particular proposal was not deemed to be the most advantageous. If an executive steering committee was used during the acquisition process, notify the committee of the selection and obtain their approval to proceed with final negotiations and contract award.
10	Complete final negotiations. Funding must be confirmed prior to award. A contract may be awarded to the supplier(s), and notice of award shall be posted in the manner prescribed in the terms or conditions of the RFP.

Appendix G

VITA SCM RFP Timeline Template

(Provided as an example)

(Name of Project)

Deliverables	Accountable	Start Date	Projected Completion Date	Status	Comments
Requirements Definition Phase					
Conduct Client Interview					
Draft statement of need/scope. Obtain agreement from business owner, and APR form					
RFP approval letter and SCM justification for RFP					
Contact Customer Account Manager					
Develop Procurement Timeline					
Assemble Evaluation Team					
Document Functional Requirements					
Document Technical Requirements					
Develop Evaluation Criteria - Scoring Weights					
Complete Request For Proposal (RFP) Draft					
Review RFP at VITA					
Complete RFP Final Package					
Negotiation Phase					
Contact SCM SWAM Outreach person					
Release RFP to Supply Base					
Advertise in newspaper and eVA					
Conduct Pre-Proposal Conference					
Submit Addendums as Appropriate					
Receive and Distribute Proposals					
Facilitate Evaluation of Proposals					
Determine Short List of Suppliers					
Conduct Short List In-Depth Evaluation					
Negotiate with Top Suppliers					
Complete Contract Negotiations					
Confirm Supplier is Registered in eVA					
Execution Phase					
Conduct Legal Contract Review					
Sign and Award Contract					
Post Notice of Contract Award					
Begin Implementation					